Forex Deficit and Inflow

2235. SHRI SHANKAR DAYAL SINGH :

SHRIMATI MIRA DAS :

SHRI CHIMANBHAI MEHTA :
SHRI SOM PAL :

Will the Minister of FINANCE be pleased to state :

(a) what is the expected balance of payment position of current financial year in terms of quantum of FOREX deficit;

(b) what is the expected FOREX inflow from various sources including remittances from abroad, export earnings, bilateral and multilateral aid, foreign investments in industries and stocks; and

(c) what are the reasons for shortfall in expected exports and increased imports?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a). The balance of payments position in terms of foreign exchange deficit is reflected in the current account deficit and the normal flows in the capital account. For the current financial year it is estimated by the Reserve Bank of India that the Current Account deficit would be of the order of US $ 6 to $ 7 billion. After accounting for normal flows in the capital account a financing gap of about US $ 3 billion is estimated.

(b) It is difficult to determine the expected foreign exchange inflow from all the different sources. However, the expected inflows through exports are about US $ 20 billion through bilateral and multilateral Aid about $ 3 billion and about US $ 400 to US $ 500 million from direct foreign investments.

(c) Against the target of US $ 20132 million for the financial year 1992-93, exports, during the first six months i.e. April September 1992, according to provisional figures are US $ 8549 million. The targets are set on a financial year basis and it would not be appropriate to assess its shortfall or otherwise at this stage. Imports during April-September 1992 amounted to US $ 11171 million as compared to US $ 9135 million thereby registering an increase of 22.3 per cent. The increase is to a great extent, to compensate for a severe import compression during the financial year 1990-91 due to critical balance of payments position.

Monetary Expension

2336. SHRI SHANKAR DAYAL SINGH :

SHRIMATI MIRA DAS :

SHRI CHIMANBHAI MEHTA :

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question No. 2 given in the Rajya Sabha on 24th November, 1992 and state :

(a) what are the factors leading to sizeable reduction of monetary expansion in the year 1992-93 as compared to previous years;

(b) whether by expansion or contraction of credit, Government are likely to help the twin task of growth of the economy and containment of inflation which may allow surplus with the people to buy industrial goods in coming months; and

(c) whether the above task is being done successfully if so, in what manner it has improved industrial production ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a). Monetary expension (rate of growth in M_3 in the current financial year 1992-93 was 10.2 per cent upto October 30, 1992, same as that in the corresponding period of the last financial year 1991-92 (up to November 1, 1992). However, as per latest data available from the Reserve Bank of India, the rate of expension in M_3 is 10.9 per cent in the current financial year 1992-93 (upto November 13, 1992) as against 11.6 per cent growth recorded in the corresponding period of 1991-92 (upto November 15, 1991). Lower rate of expansion in M_3 may be attributed mainly to significantly lower rate of expansion in Net Bank Credit to Government (9.6 per cent in the current financial year as against 14 per cent expansion in the corresponding period of 1991-92) and fall in net foreign exchange assets of the banking sector by 10.9 per cent as against a growth of 25

per cent in the corresponding period of 1991-92.

(b) and (c) The stance of the monetary policy in the current financial year is controlled expansion in money supply in order to both promote the recovery of industrial and agricultural production and restrain the growth of excess liquidity in the system to control inflation. In the current financial year while Government's borrowing from the banking system has expanded at significantly lower rate than in the last financial year, non-food credit by the scheduled commercial banks (which include credit to industry) has expanded at 12.5 per cent as against 2.4 per cent in 1991-92. In the period April-July, 1992, industrial production has recorded a growth of 2.1 per cent as against a decline of 1.4 per cent in April-July, 1991.

Budget Deficit

2237. SHRI SURESH PACHOURI : Will the Minister of FINANCE be pleased to state :

(a) what has been the budget deficit during the first six months of the current financial year;

(b) what is the comparative figure during the same period of 1990-91 and 1991-92; and

(c) the details of the measures taken by Government to control the budget deficit at budget estimate level during 1992-93 ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE) : (a) and (b) The Budget deficit for the current year as on 30th September, 1992 was Rs. 7700 crores as against Rs. 10374 crores for the corresponding period in 1991-92 and Rs. 10534 crores in 1990-91.

(c) Government has taken several measures to contain budgetary deficit. Of these mention may be made of the measures taken to enforce economy in expenditure and to intensify revenue collections. For the purpose of monitoring, budgetary provisions are disaggregated on a monthly basis, also taking into account related receipts.

Proposal to amend Foreign Exchange Regulations Act

2238. SHRI V. NARAYANASWAMY : Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal under Government's consideration to amend the Foreign Exchange Regulations Act to give encouragement to the foreign investors to invest in India; and

(b) if so, what are the salient features of the same ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) and (b) The amendment of Foreign Exchange Regulation Act, 1973 is under active consideration of the Government and a Bill to this effect is likely to be introduced in the current Session.

Income Tax Raids on Ice Cream Baron in Delhi

2239. DR. ABRAR AHMED :
SHRI SUDHIR RANJAN MAJUMDAR :
SHRI VIRENDRA KATARIA :

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the income-tax authorities raided the offices, factories and residences ice cream baron in Delhi, recently, as reported in the Times of India of the 24th November, 1992; and

(b) if so, what are the details of the raids and outcome thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) Yes, Sir.

(b) In course of the searches, unaccounted assets worth Rs. 10.33 crores were seized besides incriminating books and documents. The assessee disclosed Rs. 44 lakhs under Section 132(4) of the Income-tax Act. Prohibitory orders under Section 132(3) of the Income-tax Act have been issued in respect of 17 bank lockers and 7 other premises. Some of these premises contain paintings and other works of art.